

City of Detroit

CITY COUNCIL

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TO: Dennis Zembala, Director
Historical Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 4, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Department Director
Tanya Stoudemire, Budget Department Team Leader
Kandia Milton, Mayor's Office

Historical (26)

FY 2006-2007 Budget Analysis by the Fiscal Analysis Division

Summary

The Mayor's 2006-2007 Proposed Budget eliminates the Historical Department. On March 22, 2006, the City entered into a ten-year agreement with the Detroit Historical Society (Society) to manage the operations of the Detroit Historical Museums, which include the Detroit Historical Museum, the Dossin Great Lakes Museum, and the Collections Resource Center at Historic Fort Wayne. Responsibility for the Historic Fort Wayne facility will be transferred to the Recreation Department. Under the terms of the operating agreement with the Society, the City retains ownership of all the facilities, collections, artifacts, exhibits, office furnishings and other assets and is responsible for the expenses associated with their maintenance and upkeep. The Society will manage and operate the museums and will retain all revenues from the museums' operations.

The operating agreement stipulates that the City will provide an annual operating subsidy of \$500,000 to the Detroit Historical Society for the first three years of the agreement, fiscal years 2005-2006, 2006-2007, and 2007-2008. The City could deduct any outstanding contractual obligations from the annual subsidy for fiscal year 2005-2006 or could provide a pro rata share of the subsidy to the Society. In addition, the City agreed to grant the Society access to annually budgeted capital funds for the Museums and the Collections Resource Center.

The Mayor's 2006-2007 Proposed Budget includes \$1.0 million in funding for the Detroit Historical Museums, which is comprised of a \$500,000 subsidy for Historical Operations, and \$500,000 from the voter authorized \$20.02 million in general obligation bonds for capital improvements. The proposed budget includes \$274,395 in the Recreation Department's appropriation for operation of Historic Fort Wayne.

2005-2006 Surplus (Deficit)

The Mayor has estimated an appropriation surplus of \$481,069 for the Historical Department. The surplus is due to the March 2006 transfer of the Historical Museums to the Detroit Historical Society.

Overtime

There is no salary overtime in the 2006-2007 budget for the Historical Department. For fiscal year 2005-2006 budgeted overtime totaled \$9,315. Through March 31, 2006, the actual overtime costs for the department was \$9,975.

Personnel and Turnover Savings

No employee turnover savings have been identified for the Historical Department. The Mayor recommends a net decrease of 19 positions in the proposed 2006-2007 Budget, resulting in an elimination of all department positions.

Following is information by appropriation comparing budget FY 2005-06 positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2005-06</u>	<u>Filled Positions 3/31/2006</u>	<u>Mayor's Budget Positions FY 2006-07</u>	<u>Over/(Under) Actual to 05/06 Budget</u>	<u>Mayor's Recommended Turnover</u>
Historical (26):					
260010 Administration	11	4	0	(7)	\$ -
260310 Maintenance	3	0	0	(3)	\$ -
260320 Education & Interpretation	5	1	0	(4)	\$ -
260330 Dossin Museum	0	0	0	0	\$ -
260340 Fort Wayne Museum	0	0	0	0	\$ -
00082 Main Museum & Admin.	<u>19</u>	<u>5</u>	<u>0</u>	<u>(14)</u>	<u>\$ -</u>
TOTAL	<u>19</u>	<u>5</u>	<u>0</u>	<u>(14)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The Mayor's 2006-2007 Proposed Budget includes a reduction of 19 positions within the Historical Department. Eight employees accepted employment with the Society; four employees, including the Deputy Director, were transferred to other city departments; two employees voluntarily retired; two employees (a museum guard and a museum collections coordinator) were laid off, and three vacant positions were eliminated.

Significant Funding by Appropriation

The Mayor's 2006-2007 Proposed Budget eliminates the Historical Department by decreasing all of the Historical Department's appropriations to zero. Funding for the Historical Museums is made through Non-Departmental.

Appro. Program

12162	Historical Operations	The Mayor's 2006-2007 Proposed Budget includes the \$500,000 operating subsidy that is required by the agreement with the Detroit Historical Society.
12163	Historical Capital (Bonds)	The Mayor's 2006-2007 Proposed Budget includes \$500,000 for Capital Improvements at the Main Museum.

Historical (26)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2005-06 Budget</u>	<u>FY 2006-07 Recommended</u>	<u>Increase (Decrease)</u>
Main Museum & Administration	<u>\$108,936</u>	<u>\$ -</u>	<u>(108,936)</u>
Total	<u>\$108,936</u>	<u>\$ -</u>	<u>(108,936)</u>

Issues and Questions

1. What capital improvements are currently in process at the Museums?
2. What is the timeframe for completion of the capital improvements?
3. How much was the City's subsidy for the 2005-2006 fiscal year?

IC:AG